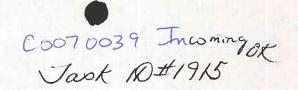


Canyon Fuel Company, LLC Dugout Canyon Mine P.O. Box 1029 Wellington, Utah 84542



April 29, 2004

Ms. Pamela Grubaugh-Littig
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
Salt Lake City, UT 84114-5801

RE: Revisions to Chapter 4 of the SITLA Lease Amendment (Completeness), Task ID # 1884, Canyon Fuel Company, LLC, Dugout Mine, C/007/039

Dear Ms. Grubaugh-Littig:

Enclosed please find four copies of the submittal to address the deficiencies affiliated with a determination of administrative completeness associated with the incorporation of the SITLA lease into the Dugout Canyon Mine permit boundary. A letter associated with the cultural and historical regulations has been provided.

An additional copy of the submittal has been delivered to the Price Field Office.

Please contact Vicky Miller at (435) 636-2869, if there are any questions concerning this submittal.

Sincerely yours,

Urely S. Miller

Vicky S. Miller

Cc: Dave Spillman (enclosures)

Pete Hess (enclosures)

Refer to Date Folder 40 7000 44

Confidential
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For additional information

APR 3 0 2004

DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSION

| Permit Change New Permit Renewal Exploration Bond Release Transfer | | | | | |
|--|---|--|--|--|--|
| Permittee: Canyon Fuel Company, LLC | | | | | |
| Mine: Dugout Canyon Mine | Permit Number: C/007/039 | | | | |
| Title: SITLA Lease Amendment - Revisions to Chapter 4, Task ID #1884 | | | | | |
| Description, Include reason for application and timing required to implement: | | | | | |
| Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication. | | | | | |
| Yes No 1. Change in the size of the Permit Area? Acres: 2.360 Disturbed Area: increase decrease. Yes No 2. Is the application submitted as a result of a Division Order? DO# Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area? Yes No 4. Does the application include operations in hydrologic basins other than as currently approved? Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond? Yes No 6. Does the application require or include public notice publication? Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information? Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? Yes No 9. Is the application submitted as a result of a Violation? NOV # Yes No 10. Is the application submitted as a result of other laws or regulations or policies? | | | | | |
| Explain: Yes No 11. Does the application affect the surface landowner or change the post mining land use? Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2) Yes No 13. Does the application require or include collection and reporting of any baseline information? Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? Yes No 15. Does the application require or include soil removal, storage or placement? Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities? Yes No 17. Does the application require or include construction, modification, or removal of surface facilities? Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures? Yes No 19. Does the application require or include certified designs, maps or calculation? Yes No 20. Does the application require or include subsidence control or monitoring? Yes No 21. Have reclamation costs for bonding been provided? Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream? Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities? | | | | | |
| Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office) I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information | | | | | |
| and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein. | | | | | |
| Print Name Print Name Sign Name Position Date Sign Name Position Date | | | | | |
| 5/gir Haine, 1 Girlon, Bate 4/24/04 | | | | | |
| Subscribed and sworn to before me this 29 day of APRIL , 20 04 Notary Public My commission Expires: Attest: State of County of CARBON Subscribed and sworn to before me this 29 day of APRIL , 20 04 VICKY SUE MILLER NOTARY PUBLIC STATE of UTAH 1776 KENILWORTH RD. HELPER, UTAH 84526 COMN. EXPIRES 1-5-2008 | | | | | |
| For Office Use Only: | Assigned Tracking Received by Oil, Gas & Mining | | | | |
| | Number: RECEIVED | | | | |
| | | | | | |
| APR 3 0 2004 | | | | | |
| DIV. OF OIL, GAS & MINING | | | | | |
| | | | | | |

APPLICATION FOR COAL PERMIT PROCESING Detailed Schedule Of Changes to the Mining And Reclamation Plan

| Permittee: Canyon Fuel Company, LLC | | | Number: C/007/039 | |
|-------------------------------------|--|------------------------------------|--|--------------------------------|
| Mine: Title: | me. Dugout Carryon wine | | | Number: |
| i itie: | SITLA Lease | Amenament, | Revisions to Chapter 4, Task ID # 1004 | |
| applicat of conte | ion. Individually nts, section of the | list all maps ar plan, or other | to the Mining and Reclamation Plan, which is required as and drawings that are added, replaced, or removed from the information as needed to specifically locate, identify and a and drawing number as part of the description. | revise the existing Mining and |
| | | | DESCRIPTION OF MAP, TEXT, OR MATERIA | |
| Add | □ Replace | Remove | Chapter 4, Page 4-4, pagination corresponds to March 2 | |
| ⊠ Add | Replace | Remove | Chapter 4, Appendix 4-3, add to back of existing inform | nation |
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| Any o | ther specific or s | pecial instruct | tion required for insertion of this proposal into the | Received by Oil, Gas & Mining |
| Minin | g and Reclamation | on Plan. | | RECEIVED |
| 4/29/0 | 4 | | | APR 3 0 2004 |
| | | | | |
| | | | | DIV. OF OIL, GAS & MINING |

Cultural and historical inventories associated with the SITLA lease tract and adjacent areas are located in Appendix 4-1 and 4-3. This information should be held confidential by the Division.

The information in Appendix 4-3 was collected starting in 1980 and the last report was completed in 2003. According to information collected from the Price office of the BLM on March 23, 2004 and conversations with Mr. David Miller, there were no sites with artifacts considered for registration found in the areas surveyed and reported in 1980 through 1991. The conclusions were the same in the surveys conducted in 2001 - 2003. A letter from John Senulis, Archeologist with Senco Phenix detailing their file search and surveys of the area has been incorporated into Appendix 4-3. The letter is addressed to Kenny Wintch, the SITLA Archeologist and a copy has been sent to Mr. Dykman at SHPO. The letter states "No sites eligible for nomination to the National Register of Historic Places have been found in or adjacent to the permit expansion area. It is very unlikely that future survey will reveal sites eligible.......Furthermore all activity will be underground with no surface disturbance. For these reasons a finding of "no effect on historic properties" is appropriate and archeologic clearance without stipulations is recommended."

Cultural and Historic Resource Maps. Maps and photographs for the evaluated cultural and historical sites are contained in the confidential folder.

There are no cemeteries, public parks, or units of the National System of Trails or the Wild and Scenic Rivers System located within the Dugout Canyon Mine permit boundary. The National Register of Historic Places was consulted by AERC and no registered historic or prehistoric properties will be affected by the proposed mine development.

SCM agrees to notify the Division and SHPO of previously unidentified cultural resources discovered in the course of mining operations. SCM also agrees to have any such cultural resources evaluated in terms of NRHP eligibility criteria. Protection of eligible cultural resources will be in accordance with Division and SHPO requirements. SCM will also instruct its employees that it is a violation of federal and state laws to collect individual artifacts or to otherwise disturb cultural resources.

Coordination with State Historic Preservation Officer. AERC contacted SHPO concerning the Dugout Canyon Mine site and a copy of their report was forwarded to SHPO. The National Register of Historic Places was consulted by AERC and no registered historic or prehistoric properties will be affected by the proposed mine development.

411.200 Previous Mining Activity

Canyon Fuel Company, LLC SCM/Dugout Canyon Mine

Environmental Research Corporation (AERC). As part of this evaluation he also made a record search at the State Historic Preservation Office (SHPO) and the National Register of Historic Places (NRHP).

Cultural resource evaluations were performed on two sites within the permit boundary. Field evaluations on the historic Dugout Creek Mine (42CB 205/291) and on a prehistoric rock art site (42CB 92) were conducted by the AERC staff on November 20 - 22, 1995. Site 42CB 92, situated in the SE1/4 of Section 22, T13S, R12E, contains a series of pictograph panels first documented by Dale Berge in 1977. The historic Dugout Creek Mine locus is situated in the NW1/4 of Section 23.

The historic components of the Dugout Creek Mine (42CB 205/291) are not considered to be significant and do not need to be avoided or mitigated prior to the development of the mine site. The prehistoric rock art site (42CB 92) is a significant resource and is eligible for nomination to the NRHP. Site 42CB 92 has been reported to the NRHP and BLM offices during previous cultural and historical studies of the area in 1977, 1980, and 1995 but is not currently listed on the NRHP.

The rock art panels are unstable and could be destroyed if blasting for road expansion is done within a 600-foot radius of the panels. SCM will make every effort to protect these rock art panels without drawing unnecessary attention to their location. The panels have been preserved primarily because the general public does not know of their existence. SCM will strive to maintain this condition.

The AERC report provides descriptive and valuational information for the two sites.

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References Cited

Hauck, F. R. and D. G. Weder

1980 Intensive Archeological Surface Evaluations of the Proposed Sage Point-Dugout Canyon Project in Carbon County, Utah. Archeological-Environmental Research Corporation, Salt Lake City, Utah. (80-69)

Metcalf, Michael

1983 Cultural Resource Inventory of 1983 Drill Hole Locations at the Sage Point-Dugout Canyon Project, Carbon County, Utah. Metcalf-Zier Archeologists, Inc., Eagle, Colorado. (83-49)

Senulis, John A.

- 2001 An Intensive Cultural Resource Survey and Inventory of the Dugout Canyon Mine Drill Holes and Access Roads, SENCO-PHENIX Archeological Consultants, Price, Utah. (01–240)
- 2003a An Intensive Cultural Resource Survey and Inventory of the 2003 Dugout Canyon Mine Exploration Drill Holes and Access Roads, SENCO-PHENIX Archeological Consultants, Price, Utah. (03-477)
- 2003b An Intensive Cultural Resource Survey and Inventory of the 2003 Dugout Canyon Mine Pace Canyon Exploration Drill Holes Block Area and Access Roads, SENCO-PHENIX Archeological Consultants, Price, Utah. (03–841)

